

CITY OF ELKHART, KANSAS
Elkhart, Kansas

FINANCIAL STATEMENTS
For the year ended December 31, 2012

CITY OF ELKHART, KANSAS

FINANCIAL STATEMENTS

For the year ended December 31, 2012

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CITY OF ELKHART, KANSAS

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CITY OF ELKHART, KANSAS

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Elkhart, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Elkhart, Kansas, a Municipality, as of and for the year ended December 31, 2012 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the applicable audit requirements of the *Kansas Municipal Audit and Accounting Guide*. Those standards and the *Kansas Municipal Audit and Accounting Guide* require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

To the City Council
City of Elkhart, Kansas

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Elkhart, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Elkhart, Kansas as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Elkhart, Kansas as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2012 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2012 basic financial statement, however are required to be presented under the provisions of the

To the City Council
City of Elkhart, Kansas

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Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 basic financial statement. The 2012 information has been subjected to the auditing procedures applied in the audit of the 2012 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 basic financial statement or to the 2012 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 supplementary information is fairly stated in all material respects in relation to the 2012 basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2011 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2011 basic financial statement upon which we rendered an unqualified opinion dated July 17, 2012. The 2011 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 basic financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 basic financial statement or to the 2011 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 basic financial statement as a whole, on the basis of accounting described in Note 1.

Hay•Rice & Associates, Chartered

July 16, 2013

CITY OF ELKHART, KANSAS

Statement 1

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS

For the year ended December 31, 2012

<u>Funds</u>	<u>Beginning</u> <u>Unencumbered</u> <u>Cash</u> <u>Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending</u> <u>Unencumbered</u> <u>Cash</u> <u>Balance</u>	<u>Add</u> <u>Encumbrances</u> <u>& Accounts</u> <u>Payable</u>	<u>Ending</u> <u>Cash</u> <u>Balance</u>
Governmental Type Funds:						
General	\$ 595,238	\$ 779,743	\$ 814,342	\$ 560,639	\$ 15,019	\$ 575,658
Special Purpose Funds:						
Employees' Benefits	220,548	230,369	194,598	256,319	269	256,588
Fire Equipment Replacement	205,628	34,588	-	240,216	-	240,216
Special City Streets and Highways	165,307	56,809	76,450	145,666	-	145,666
Special Park and Recreation	20,210	911	848	20,273	-	20,273
Revenue Fund for Sales Tax						
Revenue Bonds Series 1994	483,992	162,102	43,500	602,594	-	602,594
Debt Service:						
Bond and Interest	1,227	398,112	86,576	312,763	-	312,763
Capital Project Funds:						
N. St. Road St. Improvements	(59,609)	-	-	(59,609)	-	(59,609)
Morton Street Improvements	214,857	2,661	217,518	-	-	-
Water System Project	124,762	13	124,775	-	-	-
Stillman Street Project	-	-	3,103	(3,103)	-	(3,103)
Business Funds – Enterprise Type Funds:						
Water System:						
Operating	123,904	445,718	385,000	184,622	9,724	194,346
Customer Deposit	-	8,416	8,416	-	89,479	89,479
Equipment Replacement	484	30,000	9,952	20,532	-	20,532
Sanitation System:						
Operating	37,572	223,218	224,828	35,962	-	35,962
Equipment Replacement	117,796	-	-	117,796	-	117,796
Sewer System:						
Operating	88,724	107,549	93,531	102,742	653	103,395
Equipment Replacement	23,693	6,000	-	29,693	-	29,693
Fiduciary Type Funds – Trust Funds:						
Whistle Stop Park Bequest	17,358	1,005	1,806	16,557	-	16,557
Safe Park Equipment Fund	5,855	-	1,360	4,495	-	4,495
Piano Bequest Fund	555	-	-	555	-	555
Animal Foundation Fund	1,668	300	-	1,968	-	1,968
Total Reporting Entity	<u>\$2,389,769</u>	<u>\$2,487,514</u>	<u>\$2,286,603</u>	<u>\$2,590,680</u>	<u>\$115,144</u>	<u>\$2,705,824</u>

The notes to the financial statement are an integral part of this statement.

CITY OF ELKHART, KANSAS

Statement 1
(Continued)

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH – REGULATORY BASIS

For the year ended December 31, 2012

Ending Cash Balance		<u>\$2,705,824</u>
Composition of Cash:		
Cash on hand with City Clerk	\$	600
Deposits in Local Depositories:		
Checking accounts		5,637
Time deposits		<u>2,699,587</u>
Total Reporting Entity		<u>\$2,705,824</u>

The notes to the financial statement are an integral part of this statement.

CITY OF ELKHART, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

Note 1: Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

The City of Elkhart is a municipal corporation governed by an elected seven member council. This regulatory financial statement presents the City of Elkhart (the municipality). A related municipal entity is defined as an entity legally separate from the City, which has a significant dependence on, or relationship with the City. Based upon the criteria used to evaluate potential related municipal entities, it was determined there were no related municipal entities to present with the municipality's financial statement.

Advisory Boards

The City Council is responsible for appointing members of the Board of Appeals and the Planning Commission. Neither board has any budgetary or disbursing authority. Their function is solely to advise the City Council and, therefore, is a part of the municipality.

Jointly Governed Organizations

The City, in conjunction with Jones, Taloga and Cimarron Townships, has created the Elkhart Cemetery District. The Elkhart Cemetery District's board consists of one representative from each of the participating entities.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City for the year of 2012:

Governmental Funds:

General Fund – The Chief Operating Fund – used to account for all resources except those required to be accounted for in another fund.

CITY OF ELKHART, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Governmental Funds (Continued):

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Capital Project Funds – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Business Funds:

Enterprise Funds – to account for operations that are financed and operated in a manner similar to private business enterprises – where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges – or where periodic determination of revenue earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Funds:

Trust Funds – used to report assets held in trust for the benefit of the municipal financial reporting entity.

Agency Funds – used to report assets held by the municipal reporting entity in a purely custodial capacity.

CITY OF ELKHART, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General capital assets that account for the land, buildings and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

CITY OF ELKHART, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Other Accounting Policies

Cash and Time Deposits

These liquid assets are shown in aggregate. K.S.A. 12-1671 and 12-1672 allow these assets to be shown in aggregate. Deposits are carried at cost.

In accordance with K.S.A. 9-1402 and K.S.A. 12-1675, the City of Elkhart, Kansas deposited and/or invested all funds with the Colorado East Bank and Trust.

State statutes and local bond ordinances authorize the City to invest in obligations of the U. S. Treasury and certificates of deposit at local financial institutions.

Special Assessments

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

Temporary Notes

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are retired from the proceeds of the sale of general obligation bonds.

Vouchers Payable

Vouchers payable are classified on the basis of a claim for payment resulting from legal title to property.

CITY OF ELKHART, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds.

In addition, encumbrances do constitute expenditures of a fund.

Unencumbered Cash Balance

The unencumbered cash balance is the unobligated resources of cash and time deposits of a fund.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

CITY OF ELKHART, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: Stewardship, Compliance and Accountability (Continued)

Budgetary Information and Tax Cycle (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital projects funds, fiduciary funds and non-operating business funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

All budgets must be filed with the County Clerk by August 25th. The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the Clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payments.

CITY OF ELKHART, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: Stewardship, Compliance and Accountability (Continued)

Budgetary Information and Tax Cycle (Continued)

These taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at 12% per annum. This interest is retained by Morton County.

Taxes levied to finance the budget are made available to the City of Elkhart, Kansas after the first of the year and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed annually.

Compliance with Kansas Statutes

Contrary to the provisions of KSA 10-1117 and KSA 79-2934, the City Clerk did not maintain a formal encumbrance record or an unencumbered budget balance record.

Contrary to the provisions of K.S.A. 12-1608, the required quarterly financial statement publication for the 4th quarter was not published by the City Clerk.

No other statutory violations were noted during the audit.

Fund Balances – Designated for Subsequent Year's Budget

Actual cash carryover was not sufficient for the following funds:

	<u>2012</u> <u>Unencumbered</u> <u>Cash Balance</u>	<u>2013 Budgeted</u> <u>Unencumbered</u> <u>Cash Carryover</u>
Water Fund	\$184,622	\$195,000
Sales Tax Revenue Fund	602,594	610,000
Sanitation Fund	35,962	43,000
Water Equipment Replacement Fund	20,533	30,000
Special City Streets and Highways Fund	165,307	210,000
Special Park and Recreation Fund	20,273	22,000
Special Highway Fund	145,666	220,000

CITY OF ELKHART, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 3: Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the City of Elkhart. The statute requires banks eligible to hold the City of Elkhart's funds have a main or branch bank in the county in which the City of Elkhart is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City of Elkhart has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City of Elkhart's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City of Elkhart has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – State statutes place no limit on the amount the City of Elkhart may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City of Elkhart's deposits may not be returned to it. State statutes require the City of Elkhart's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2012.

At December 31, 2012, the City of Elkhart's carrying amount of deposits was \$2,734,571 and the bank balance was \$2,705,224. Of the bank balance, \$284,984 was covered by federal depository insurance, \$2,449,587 was collateralized with securities held by the pledging financial institutions' agents in the City of Elkhart's name.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City of Elkhart will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

CITY OF ELKHART, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 4: Capital Projects

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project Expenditure Authorization</u>	<u>Cash Disbursements and Accounts Payable to Date</u>
N. St. Road St. Improvements Fund	\$ -	\$ 59,609
Morton Street Improvement Project	505,324	290,467
Water System Project	319,676	222,428
Stillman Street Project	<u>-</u>	<u>3,103</u>
	<u>\$825,000</u>	<u>\$575,607</u>

Note 5: Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
Water Fund	Water Equipment Replacement Fund	KSA 12-825d	\$ 30,000
Sewer Fund	Sewer Equipment Replacement Fund	KSA 12-825d	6,000
Sales Tax Revenue Fund	Bond and Interest Fund	KSA 12-187	43,500
Morton Street Improvement Fund	Bond and Interest Fund	KSA 12-187	217,518
Water System Project Fund	Bond and Interest Fund	KSA 12-187	97,261

Note 6: Defined Benefit Pension Plan

Plan Description

The City of Elkhart, Kansas participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions.

CITY OF ELKHART, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 6: Defined Benefit Pension Plan (Continued)

KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The employer rates established by statute for calendar years 2012, 2011 and 2010 were 7.34%, 6.74% and 6.14%, respectively. The City of Elkhart, Kansas' contributions to KPERS for the years ending December 31, 2012, 2011 and 2010 were \$67,560, \$57,875 and \$50,702, respectively, equal to the statutory required contributions for each year.

Note 7: Other Long-Term Obligations from Operations

Compensated Absences

Sick and Vacation Leave

All full-time regular employees are to accrue vacation leave as follows:

- 1 Full year of service – 10 Working days
- 10 Years of service – 15 Working days
- 15 Years of service – 20 Working days

Vacation leave is forfeited if not taken within the calendar year.

CITY OF ELKHART, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 7: Other Long-Term Obligations from Operations (Continued)

All full-time regular employees are to accrue sick leave one day for each month of service, not to exceed 90 days. No employee is to receive monetary remuneration for unused sick leave upon termination of their employment.

Deferred Compensation

The City of Elkhart offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation assets, which are funded currently with third party investment companies, are not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City, subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant. The City of Elkhart believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The following is a summary of activity for the year ended December 31, 2012:

Beginning account value	\$ 90,466
Contributions	4,632
Withdrawals	-
Change in investment value	<u>13,267</u>
Ending account balance	<u>\$108,365</u>

CITY OF ELKHART, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 7: Other Long-Term Obligations from Operations (Continued)

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City of Elkhart, Kansas allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City of Elkhart, Kansas is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City of Elkhart, Kansas makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Note 8: Subsequent Events

The City of Elkhart's management has evaluated events and transactions through July 16, 2013, the date which the financial statement was available to be issued.

CITY OF ELKHART, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 9: Long-Term Debt

Changes in long-term liabilities for the City of Elkhart for the year ended December 31, 2012 were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bond Series 2010B1	1%-3%	7/23/10	\$825,000	9/01/20	\$760,000	\$ -	\$ 70,000	\$690,000	\$16,575
Capital Leases Payable:									
2012 Caterpillar 420E	4.9%	12/04/12	77,303	12/04/14	-	77,303	27,034	50,269	-
Water Generator	4.9%	3/06/09	37,100	3/06/12	<u>9,486</u>	<u>-</u>	<u>9,486</u>	<u>-</u>	<u>465</u>
Total Contractual Indebtedness					<u>\$769,486</u>	<u>\$ 77,303</u>	<u>\$106,520</u>	<u>\$740,269</u>	<u>\$17,040</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018-2021</u>	<u>Total</u>
Principal:							
General obligation bond	\$ 75,000	\$ 75,000	\$80,000	\$85,000	\$ 90,000	\$285,000	\$690,000
Capital leases payable	<u>24,521</u>	<u>25,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,268</u>
Total principal	<u>\$ 99,521</u>	<u>\$100,747</u>	<u>\$80,000</u>	<u>\$85,000</u>	<u>\$ 90,000</u>	<u>\$285,000</u>	<u>\$740,268</u>
Interest:							
General obligation bond	\$ 15,788	\$ 14,756	\$13,538	\$12,038	\$ 10,231	\$ 16,825	\$ 83,176
Capital leases payable	<u>2,513</u>	<u>1,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,800</u>
Total interest	<u>\$ 18,301</u>	<u>\$ 16,043</u>	<u>\$13,538</u>	<u>\$12,038</u>	<u>\$ 10,231</u>	<u>\$ 16,825</u>	<u>\$ 86,976</u>
Total Principal and Interest	<u>\$117,822</u>	<u>\$116,790</u>	<u>\$93,538</u>	<u>\$97,038</u>	<u>\$100,231</u>	<u>\$301,825</u>	<u>\$827,244</u>

CITY OF ELKHART, KANSAS

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF ELKHART, KANSAS

Schedule 1

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended December 31, 2012

<u>Funds</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
Governmental Type Funds:			
General	\$1,120,000	\$ 814,342	\$ 305,658
Special Purpose Funds:			
Employees' Benefits	410,000	194,598	215,402
Fire Equipment Replacement	265,000	-	265,000
Special City Streets and Highways	260,000	76,450	183,550
Special Park and Recreation	23,000	848	22,152
Revenue Fund for Sales Tax			
Revenue Bonds Series 1994	515,000	43,500	471,500
Debt Service:			
Bond and Interest	87,000	86,576	424
Business Funds – Enterprise Funds:			
Water System:			
Operating	385,000	385,000	-
Equipment Replacement	135,000	9,952	125,048
Sanitation System:			
Operating	243,000	224,828	18,172
Equipment Replacement	147,000	-	147,000
Sewer System:			
Operating	185,000	93,531	91,469
Equipment Replacement	<u>103,500</u>	<u>-</u>	<u>103,500</u>
	<u>\$3,878,500</u>	<u>\$1,929,625</u>	<u>\$1,948,875</u>

CITY OF ELKHART, KANSAS

Schedule 2

SCHEDULES OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

CITY OF ELKHART, KANSAS

Schedule 2-1

GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>		<u>Variance Over (Under)</u>	<u>Prior Year Actual</u>
	<u>Actual</u>	<u>Budget</u>		
<u>Cash Receipts</u>				
Taxes and Shared Revenue:				
Ad valorem property tax	\$362,229	\$367,000	\$ (4,771)	\$331,287
Delinquent tax	9,320	3,626	5,694	4,183
Motor vehicle tax	56,851	61,802	(4,951)	58,120
Recreation vehicle tax	1,205	1,137	68	1,143
16/20M vehicle tax	1,253	1,435	(182)	1,621
Local sales tax	<u>162,102</u>	<u>130,000</u>	<u>32,102</u>	<u>166,844</u>
Total taxes	<u>\$592,960</u>	<u>\$565,000</u>	<u>\$ 27,960</u>	<u>\$563,198</u>
Intergovernmental:				
Federal government taxes in lieu of	\$ 4,158	\$ 2,000	\$ 2,158	\$ 3,735
Liquor tax	<u>911</u>	<u>1,500</u>	<u>(589)</u>	<u>1,048</u>
Total intergovernmental	<u>\$ 5,069</u>	<u>\$ 3,500</u>	<u>\$ 1,569</u>	<u>\$ 4,783</u>
Licenses, Permits and Fees:				
Permits	\$ 1,515	\$ 1,000	\$ 515	\$ 917
Licenses	580	500	80	700
Franchise tax	<u>123,344</u>	<u>65,000</u>	<u>58,344</u>	<u>127,850</u>
Total licenses and permits	<u>\$125,439</u>	<u>\$ 66,500</u>	<u>\$ 58,939</u>	<u>\$129,467</u>
Charges for Services:				
Swimming pool and concessions	<u>\$ 23,573</u>	<u>\$ 18,000</u>	<u>\$ 5,573</u>	<u>\$ 20,316</u>
Fines, Forfeitures and Penalties:				
Police	\$ 11,073	\$ 15,000	\$ (3,927)	\$ 8,638
Dog pound	<u>3,371</u>	<u>-</u>	<u>3,371</u>	<u>6,564</u>
Total fines, fees and forfeitures	<u>\$ 14,444</u>	<u>\$ 15,000</u>	<u>\$ (556)</u>	<u>\$ 15,202</u>
Use of Money and Property:				
Interest on time deposits	\$ 3,762	\$ 2,000	\$ 1,762	\$ 2,835
Rentals and royalties	<u>9,581</u>	<u>10,000</u>	<u>(419)</u>	<u>12,747</u>
Total use of money and property	<u>\$ 13,343</u>	<u>\$ 12,000</u>	<u>\$ 1,343</u>	<u>\$ 15,582</u>
Miscellaneous:				
Other	<u>\$ 4,915</u>	<u>-</u>	<u>\$ 4,915</u>	<u>\$ 7,585</u>
Total Cash Receipts	<u>\$779,743</u>	<u>\$680,000</u>	<u>\$ 99,743</u>	<u>\$756,133</u>

CITY OF ELKHART, KANSAS

Schedule 2-1
(Continued)

GENERAL FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012
(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>		<u>Variance Over (Under)</u>	<u>Prior Year Actual</u>
	<u>Actual</u>	<u>Budget</u>		
<u>Expenditures</u>				
General Government:				
Personal services	\$158,476	\$115,000	\$ (43,476)	\$153,481
Contractual services	44,494	50,000	5,506	42,827
Commodities	18,836	25,000	6,164	14,867
Capital outlay	<u>8,436</u>	<u>280,000</u>	<u>271,564</u>	<u>6,117</u>
Total general government	<u>\$230,242</u>	<u>\$470,000</u>	<u>\$239,758</u>	<u>\$217,292</u>
Public Safety – Police:				
Personal services	\$101,137	\$100,000	\$ (1,137)	\$ 82,746
Contractual services	46,565	50,000	3,435	43,411
Commodities	27,679	20,000	(7,679)	17,049
Capital outlay	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>972</u>
Total public safety – Police	<u>\$175,381</u>	<u>\$200,000</u>	<u>\$ 24,619</u>	<u>\$144,178</u>
Public Safety - Fire:				
Personal services	\$ 5,986	\$ 10,000	\$ 4,014	\$ 5,792
Contractual services	22,557	20,000	(2,557)	22,138
Commodities	4,605	10,000	5,395	2,401
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>972</u>
Total public safety – Fire	<u>\$ 33,148</u>	<u>\$ 40,000</u>	<u>\$ 6,852</u>	<u>\$ 31,303</u>
Public Safety – Animal Shelter:				
Personal services	\$ 6,436	\$ -	\$ (6,436)	\$ 2,340
Contractual services	6,600	25,000	18,400	14,432
Commodities	3,197	5,000	1,803	3,522
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>972</u>
Total public safety – Animal shelter	<u>\$ 16,233</u>	<u>\$ 30,000</u>	<u>\$ 13,767</u>	<u>\$ 21,266</u>

CITY OF ELKHART, KANSAS

Schedule 2-1
(Continued)

GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012
(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Expenditures</u> (Continued)				
Highways and Streets:				
Personal services	\$102,283	\$ 100,000	\$ (2,283)	\$ 83,413
Contractual services	24,635	50,000	25,365	26,397
Commodities	34,884	50,000	15,116	31,798
Capital outlay	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>	<u>13,239</u>
Total highways and streets	<u>\$165,802</u>	<u>\$ 200,000</u>	<u>\$ 34,198</u>	<u>\$154,847</u>
Parks:				
Personal services	\$ 38,958	\$ 45,000	\$ 6,042	\$ 37,582
Contractual services	19,686	20,000	314	13,177
Commodities	10,877	10,000	(877)	8,956
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>972</u>
Total parks	<u>\$ 69,521</u>	<u>\$ 75,000</u>	<u>\$ 5,479</u>	<u>\$ 60,687</u>
Swimming Pool:				
Personal services	\$ 25,068	\$ 25,000	\$ (68)	\$ 19,038
Contractual services	16,973	20,000	3,027	12,619
Commodities	20,136	-	(20,136)	20,993
Capital outlay	<u>4,181</u>	<u>20,000</u>	<u>15,819</u>	<u>2,550</u>
Total swimming pool	<u>\$ 66,358</u>	<u>\$ 65,000</u>	<u>\$ (1,358)</u>	<u>\$ 55,200</u>
Street Lighting:				
Contractual services	\$ 57,657	\$ 40,000	\$ (17,657)	\$ 60,138
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>972</u>
Total street lighting	<u>\$ 57,657</u>	<u>\$ 40,000</u>	<u>\$ (17,657)</u>	<u>\$ 61,110</u>
Total Expenditures	<u>\$814,342</u>	<u>\$1,120,000</u>	<u>\$305,658</u>	<u>\$745,883</u>
Cash Receipts Over (Under) Expenditures	\$ (34,599)			\$ 10,250
Unencumbered Cash, Beginning	<u>595,238</u>			<u>584,988</u>
Unencumbered Cash, Ending	<u>\$560,639</u>			<u>\$595,238</u>

CITY OF ELKHART, KANSAS

Schedule 2-2

EMPLOYEES' BENEFITS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Taxes and Shared Revenue:				
Ad valorem property tax	\$184,581	\$186,000	\$ (1,419)	\$210,980
Delinquent tax	5,481	1,503	3,978	2,525
Motor vehicle tax	36,592	39,359	(2,767)	37,421
16/20M vehicle tax	824	914	(90)	991
Recreation vehicle tax	<u>772</u>	<u>724</u>	<u>48</u>	<u>740</u>
Total taxes	\$228,250	\$228,500	\$ (250)	\$252,657
Intergovernmental:				
Federal government taxes in lieu of	<u>2,119</u>	<u>1,500</u>	<u>619</u>	<u>2,379</u>
Total Cash Receipts	<u>\$230,369</u>	<u>\$230,000</u>	<u>\$ 369</u>	<u>\$255,036</u>
<u>Expenditures</u>				
Employees' Benefits:				
Social Security	\$ 32,575	\$ 30,000	\$ (2,575)	\$ 25,913
KPERS	30,737	25,000	(5,737)	23,030
Unemployment	506	5,000	4,494	2,374
Insurance	<u>130,780</u>	<u>350,000</u>	<u>219,220</u>	<u>-</u>
Total Expenditures	<u>\$194,598</u>	<u>\$410,000</u>	<u>\$215,402</u>	<u>\$241,757</u>
Cash Receipts Over (Under) Expenditures	\$ 35,771			\$ 13,279
Unencumbered Cash, Beginning	<u>220,548</u>			<u>207,269</u>
Unencumbered Cash, Ending	<u>\$256,319</u>			<u>\$220,548</u>

CITY OF ELKHART, KANSAS

Schedule 2-3

FIRE EQUIPMENT REPLACEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Taxes and Shared Revenue:				
Ad valorem property tax	\$ 28,400	\$ 29,000	\$ (600)	\$ 28,130
Delinquent tax	781	300	481	350
Motor vehicle tax	4,869	5,249	(380)	4,992
16/20M vehicle tax	109	122	(13)	138
Recreation vehicle tax	103	97	6	98
Total taxes	\$ 34,262	\$ 34,768	\$ (506)	\$ 33,708
Intergovernmental:				
Federal government taxes in lieu of	326	233	93	317
Total Cash Receipts	\$ 34,588	\$ 35,001	\$ (413)	\$ 34,025
<u>Expenditures</u>				
Public Safety – Fire:				
Contractual services	-	\$ 5,000	\$ 5,000	\$ 94
Capital outlay	-	260,000	260,000	28,488
Total Expenditures	-	\$265,000	\$265,000	\$ 28,582
Cash Receipts Over (Under) Expenditures	\$ 34,588			\$ 5,443
Unencumbered Cash, Beginning	205,628			200,185
Unencumbered Cash, Ending	\$240,216			\$205,628

CITY OF ELKHART, KANSAS

Schedule 2-4

SPECIAL CITY STREETS AND HIGHWAYS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Intergovernmental:				
Gasoline tax	\$ <u>56,809</u>	\$ <u>50,000</u>	\$ <u>6,909</u>	\$ <u>54,233</u>
<u>Expenditures</u>				
Highways and Streets:				
Contractual services	\$ <u>68,505</u>	\$ <u>100,000</u>	\$ <u>31,495</u>	\$ <u>37,114</u>
Commodities	-	10,000	10,000	-
Capital outlay	<u>7,945</u>	<u>150,000</u>	<u>142,055</u>	<u>27,869</u>
Total Expenditures	\$ <u>76,450</u>	\$ <u>260,000</u>	\$ <u>183,550</u>	\$ <u>64,983</u>
Cash Receipts Over (Under) Expenditures	\$ (19,641)			\$ (10,750)
Unencumbered Cash, Beginning	<u>165,307</u>			<u>176,057</u>
Unencumbered Cash, Ending	\$ <u>145,666</u>			\$ <u>165,307</u>

CITY OF ELKHART, KANSAS

Schedule 2-5

SPECIAL PARK AND RECREATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Intergovernmental:				
Liquor tax	\$ 911	\$ <u>1,600</u>	\$ <u>(689)</u>	\$ 1,048
<u>Expenditures</u>				
Contractual services	<u>848</u>	\$ <u>23,000</u>	\$ <u>22,152</u>	<u>837</u>
Cash Receipts Over (Under) Expenditures	\$ 63			\$ 211
Unencumbered Cash, Beginning	<u>20,210</u>			<u>19,999</u>
Unencumbered Cash, Ending	\$ <u>20,273</u>			\$ <u>20,210</u>

CITY OF ELKHART, KANSAS

Schedule 2-6

BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
<u>Cash Receipts</u>			<u>(Under)</u>	<u>Actual</u>
Taxes and Shared Revenue:				
Ad valorem tax	\$ 34,048	\$ 34,500	\$ (452)	\$ 36,617
Motor vehicle tax	5,015	6,830	(1,815)	-
Recreational vehicle tax	107	126	(19)	-
16/20 M Vehicle tax	-	159	(159)	-
Delinquent tax	<u>272</u>	<u>385</u>	<u>(113)</u>	<u>1</u>
Total taxes	<u>\$ 39,442</u>	<u>\$ 42,000</u>	<u>\$ (2,558)</u>	<u>\$ 36,618</u>
Miscellaneous:				
Federal taxes in lieu of	\$ 391	\$ -	\$ 391	\$ 413
Sales tax reimbursements	-	43,500	(43,500)	-
Transfers	<u>358,279</u>	<u>-</u>	<u>358,279</u>	<u>41,742</u>
Total miscellaneous	<u>\$358,670</u>	<u>\$ 43,500</u>	<u>\$315,170</u>	<u>\$ 42,155</u>
Total Cash Receipts	<u>\$398,112</u>	<u>\$ 85,500</u>	<u>\$312,612</u>	<u>\$ 78,773</u>
<u>Expenditures</u>				
Bond principal	\$ 70,000	\$ 70,000	\$ -	\$ 65,000
Interest coupons	16,576	16,575	(1)	18,757
Miscellaneous	<u>-</u>	<u>425</u>	<u>425</u>	<u>-</u>
Total Expenditures	<u>\$ 86,576</u>	<u>\$ 87,000</u>	<u>\$ 424</u>	<u>\$ 83,757</u>
Cash Receipts Over (Under) Expenditures	\$311,536			\$ (4,984)
Unencumbered Cash, Beginning	<u>1,227</u>			<u>6,211</u>
Unencumbered Cash, Ending	<u>\$312,763</u>			<u>\$ 1,227</u>

CITY OF ELKHART, KANSAS

Schedule 2-7

REVENUE FUND FOR SALES TAX
REVENUE BONDS SERIES 1994
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Sales tax	<u>\$162,102</u>	<u>\$125,000</u>	<u>\$ 37,102</u>	<u>\$166,845</u>
<u>Expenditures</u>				
Capital outlay	<u>\$ -</u>	<u>\$515,000</u>	<u>\$515,000</u>	<u>\$ 4,887</u>
Transfers	<u>43,500</u>	<u>-</u>	<u>(43,500)</u>	<u>41,742</u>
Total Expenditures	<u>\$ 43,500</u>	<u>\$515,000</u>	<u>\$471,500</u>	<u>\$ 46,629</u>
Cash Receipts Over (Under) Expenditures	<u>\$118,602</u>			<u>\$120,216</u>
Unencumbered Cash, Beginning	<u>483,992</u>			<u>363,776</u>
Unencumbered Cash, Ending	<u>\$602,594</u>			<u>\$483,992</u>

CITY OF ELKHART, KANSAS

Schedule 2-8

WATER SYSTEM FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Charges for Services:				
Water sales to customers	\$426,598	\$345,000	\$ 81,598	\$425,303
Penalties and forfeitures	10,106	8,000	2,106	13,066
Taps	1,100	2,000	(900)	1,135
Tax	4,343	-	4,343	-
Other	<u>3,521</u>	<u>-</u>	<u>3,521</u>	<u>4,799</u>
Total charges for services	\$445,668	\$355,000	\$ 90,668	\$444,303
Use of Money and Property:				
Interest on time deposits	<u>50</u>	<u>-</u>	<u>50</u>	<u>298</u>
Total Cash Receipts	<u>\$445,718</u>	<u>\$355,000</u>	<u>\$ 90,718</u>	<u>\$444,601</u>
<u>Expenditures</u>				
Personal services	\$156,775	\$205,000	\$ 48,225	\$156,912
Contractual services	132,600	110,000	(22,600)	135,687
Commodities	30,791	40,000	9,209	38,538
Capital outlay	34,834	-	(34,834)	8,315
Transfers out	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>31,500</u>
Total Expenditures	<u>\$385,000</u>	<u>\$385,000</u>	<u>-</u>	<u>\$370,952</u>
Cash Receipts Over (Under) Expenditures	\$ 60,718			\$ 73,649
Unencumbered Cash, Beginning	<u>123,904</u>			<u>50,255</u>
Unencumbered Cash, Ending	<u>\$184,622</u>			<u>\$123,904</u>

CITY OF ELKHART, KANSAS

Schedule 2-9

WATER EQUIPMENT REPLACEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Transfers in	\$ 30,000	\$ <u>30,000</u>	<u>-</u>	\$ 31,500
<u>Expenditures</u>				
Capital outlay	<u>9,952</u>	\$ <u>135,000</u>	\$ <u>125,048</u>	<u>107,081</u>
Cash Receipts Over (Under) Expenditures	\$ 20,048			\$ (75,581)
Unencumbered Cash, Beginning	<u>484</u>			<u>76,065</u>
Unencumbered Cash, Ending	\$ <u>20,532</u>			\$ <u>484</u>

CITY OF ELKHART, KANSAS

Schedule 2-10

SANITATION SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Charges for Services:				
Service charges	\$223,214	\$205,000	\$ 18,214	\$212,440
Use of Money and Property:				
Interest on time deposits	<u>4</u>	<u>-</u>	<u>4</u>	<u>21</u>
Total Cash Receipts	<u>\$223,218</u>	<u>\$205,000</u>	<u>\$ 18,218</u>	<u>\$212,461</u>
<u>Expenditures</u>				
Contractual services	\$224,731	\$213,000	\$ (11,731)	\$215,164
Commodities	97	-	(97)	33
Capital outlay	-	-	-	2,815
Transfers out	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total Expenditures	<u>\$224,828</u>	<u>\$243,000</u>	<u>\$ 18,172</u>	<u>\$218,012</u>
Cash Receipts Over (Under) Expenditures	\$ (1,610)			\$ (5,551)
Unencumbered Cash, Beginning	<u>37,572</u>			<u>43,123</u>
Unencumbered Cash, Ending	<u>\$ 35,962</u>			<u>\$ 37,572</u>

CITY OF ELKHART, KANSAS

Schedule 2-11

SANITATION EQUIPMENT REPLACEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Taxes and Shared Revenue:				
Transfers in	-	\$ <u>30,000</u>	\$ <u>(30,000)</u>	-
<u>Expenditures</u>				
Capital outlay	<u>-</u>	<u>\$147,000</u>	<u>\$147,000</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	\$ -			\$ -
Unencumbered Cash, Beginning	<u>117,796</u>			<u>117,796</u>
Unencumbered Cash, Ending	<u>\$117,796</u>			<u>\$117,796</u>

CITY OF ELKHART, KANSAS

Schedule 2-12

SEWER SYSTEM FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Charges for Services:				
Sewer service charge	\$107,547	\$105,000	\$ 2,547	\$107,389
Use of Money and Property:				
Interest on time deposits	2	-	2	14
Miscellaneous:				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>116</u>
Total Cash Receipts	<u>\$107,549</u>	<u>\$105,000</u>	<u>\$ 2,549</u>	<u>\$107,519</u>
<u>Expenditures</u>				
Personal services	\$ 64,015	\$ 70,000	\$ 5,985	\$ 62,319
Contractual services	14,275	15,000	725	10,766
Commodities	9,241	10,000	759	7,683
Capital outlay	-	10,000	10,000	11,564
Transfers out	<u>6,000</u>	<u>80,000</u>	<u>74,000</u>	<u>6,000</u>
Total Expenditures	<u>\$ 93,531</u>	<u>\$185,000</u>	<u>\$ 91,469</u>	<u>\$ 98,332</u>
Cash Receipts Over (Under) Expenditures	\$ 14,018			\$ 9,187
Unencumbered Cash, Beginning	<u>88,724</u>			<u>79,537</u>
Unencumbered Cash, Ending	<u>\$102,742</u>			<u>\$ 88,724</u>

CITY OF ELKHART, KANSAS

Schedule 2-13

SEWER EQUIPMENT REPLACEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

(with comparative actual totals for the prior year ended December 31, 2011)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Transfers in	\$ 6,000	\$ <u>80,000</u>	\$ <u>(74,000)</u>	\$ 6,000
<u>Expenditures Subject to Budget</u>				
Capital outlay	<u>-</u>	\$ <u>103,500</u>	\$ <u>103,500</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	\$ 6,000			\$ 6,000
Unencumbered Cash, Beginning	<u>23,693</u>			<u>17,693</u>
Unencumbered Cash, Ending	\$ <u>29,693</u>			\$ <u>23,693</u>

CITY OF ELKHART, KANSAS

Schedule 2
(Continued)

SCHEDULES OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the year ended December 31, 2012

CITY OF ELKHART, KANSAS

Schedule 2-14

WATER CUSTOMER DEPOSITS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the year ended December 31, 2012
(with comparative actual totals for the prior year ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Cash Receipts</u>		
Customer deposits received	\$ 8,416	\$ 8,964
<u>Expenditures</u>		
Customer deposits returned, forfeited or forfeitable	<u>8,416</u>	<u>8,964</u>
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>-</u>	<u>-</u>

CITY OF ELKHART, KANSAS

Schedule 2-15

WHISTLE STOP PARK BEQUEST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the year ended December 31, 2012
(with comparative actual totals for the prior year ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Cash Receipts</u>		
Donations	\$ <u>1,005</u>	\$ <u>5,518</u>
<u>Expenditures</u>		
Contractual services	\$ 5	\$ 494
Commodities	<u>1,801</u>	<u>2,419</u>
Total Expenditures	\$ <u>1,806</u>	\$ <u>2,913</u>
Cash Receipts Over (Under) Expenditures	\$ (801)	\$ 2,605
Unencumbered Cash, Beginning	<u>17,358</u>	<u>14,753</u>
Unencumbered Cash, Ending	\$ <u>16,557</u>	\$ <u>17,358</u>

CITY OF ELKHART, KANSAS

Schedule 2-16

SAFE PARK EQUIPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the year ended December 31, 2012
(with comparative actual totals for the prior year ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Cash Receipts</u>	\$ -	-
<u>Expenditures</u>		
Capital outlay	<u>1,360</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	\$ (1,360)	\$ -
Unencumbered Cash, Beginning	<u>5,855</u>	<u>5,855</u>
Unencumbered Cash, Ending	<u>\$ 4,495</u>	<u>\$ 5,855</u>

CITY OF ELKHART, KANSAS

Schedule 2-17

PIANO BEQUEST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the year ended December 31, 2012
(with comparative actual totals for the prior year ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Cash Receipts</u>	-	-
<u>Expenditures</u>	<u>-</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	<u>555</u>	<u>555</u>
Unencumbered Cash, Ending	\$ <u>555</u>	\$ <u>555</u>

CITY OF ELKHART, KANSAS

Schedule 2-18

ANIMAL FOUNDATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the year ended December 31, 2012
(with comparative actual totals for the prior year ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Cash Receipts</u>		
Donations	\$ 300	\$ 25
<u>Expenditures</u>		
Commodities	<u>-</u>	<u>2,209</u>
Cash Receipts Over (Under) Expenditures	\$ 300	\$ (2,184)
Unencumbered Cash, Beginning	<u>1,668</u>	<u>3,852</u>
Unencumbered Cash, Ending	<u>\$ 1,968</u>	<u>\$ 1,668</u>

CITY OF ELKHART, KANSAS

Schedule 2-19

N. ST. ROAD ST. IMPROVEMENTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the year ended December 31, 2012
(with comparative actual totals for the prior year ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Cash Receipts</u>	-	-
<u>Expenditures</u>	<u>-</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	<u>(59,609)</u>	<u>(59,609)</u>
Unencumbered Cash, Ending	<u>\$ (59,609)</u>	<u>\$ (59,609)</u>

CITY OF ELKHART, KANSAS

Schedule 2-20

MORTON STREET IMPROVEMENTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the year ended December 31, 2012
(with comparative actual totals for the prior year ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Cash Receipts</u>		
Reimbursements	\$ <u>2,661</u>	<u>-</u>
<u>Expenditures</u>		
Contractual services	\$ -	\$ 8,473
Capital outlay	-	261,844
Transfers	<u>217,518</u>	<u>-</u>
Total Expenditures	\$ <u>217,518</u>	\$ <u>270,317</u>
Cash Receipts Over (Under) Expenditures	\$ (214,857)	\$ (270,317)
Unencumbered Cash, Beginning	<u>214,857</u>	<u>485,174</u>
Unencumbered Cash, Ending	<u>-</u>	\$ <u>214,857</u>

CITY OF ELKHART, KANSAS

Schedule 2-21

WATER SYSTEM PROJECT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the year ended December 31, 2012
(with comparative actual totals for the prior year ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Cash Receipts</u>		
Reimbursements	\$ <u>13</u>	<u>-</u>
<u>Expenditures</u>		
Contractual services	\$ -	\$ 7,460
Commodities	-	509
Capital outlay	27,514	155,695
Transfers	<u>97,261</u>	<u>-</u>
Total Expenditures	\$ <u>124,775</u>	\$ <u>163,664</u>
Cash Receipts Over (Under) Expenditures	\$ (124,762)	\$ (163,664)
Unencumbered Cash, Beginning	<u>124,762</u>	<u>288,426</u>
Unencumbered Cash, Ending	<u>-</u>	\$ <u>124,762</u>

CITY OF ELKHART, KANSAS

Schedule 2-22

STILLMAN STREET PROJECT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the year ended December 31, 2012
(with comparative actual totals for the prior year ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Cash Receipts</u>	\$ -	-
<u>Expenditures</u>		
Contractual services	<u>3,103</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	\$ (3,103)	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	\$ <u><u>(3,103)</u></u>	<u><u>-</u></u>